UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

Rockies Express Pipeline LLC	**)**	
Cheyenne Connector, LLC	**)**	**Docket No. CP25-___-000**
East Cheyenne Gas Storage, LLC	**)**	
	)	

JOINT ABBREVIATED APPLICATION OF ROCKIES EXPRESS PIPELINE LLC, CHEYENNE CONNECTOR, LLC, AND EAST CHEYENNE GAS STORAGE, LLC FOR CERTIFICATE AND ABANDONMENT AUTHORIZATION

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Pursuant to Sections 7(b) and 7(c) of the Natural Gas Act ("NGA"),[1] and Part 157 of the regulations of the Federal Energy Regulatory Commission ("Commission" or "FERC"),[2] Rockies Express Pipeline LLC ("REX"), Cheyenne Connector, LLC ("Cheyenne Connector"), and East Cheyenne Gas Storage, LLC ("East Cheyenne" and, collectively with REX and Cheyenne Connector, the "Applicants") submit this abbreviated application ("Application") for authorizations allowing each Applicant to undertake the activities described herein that together comprise the Critical Energy Reliability Link Project ("Project").

In this regard, REX requests the following:

(1) a certificate of public convenience and necessity authorizing REX to construct, own, operate, and maintain an approximately 152.7-mile, 24-inch-diameter natural gas pipeline (the "Lateral"), an approximately 7.0-mile, 24-inch-diameter natural gas pipeline (the "Horizon Spur"), an approximately 6,195-horsepower ("hp") compressor station (the "LaSalle CS"), approximately 0.3 mile of 24-inch-diameter natural gas interconnect piping (the "Cheyenne Connector Interconnect Piping"), and associated metering and appurtenant facilities in Weld, Adams, Arapahoe, Elbert, and El Paso counties, Colorado;

(2) a certificate of public convenience and necessity authorizing REX to acquire via a lease agreement, capacity on Cheyenne Connector Pipeline[3] ("Cheyenne Connector Lease"), allowing REX to provide seamless transportation between the existing REX FERC-

[1] 15 U.S.C. §§ 717f(b) & (c).

[2] 18 C.F.R. Part 157 (2024).

[3] As defined below.

jurisdictional natural gas transmission system ("REX Mainline") and the delivery points on the Lateral and Horizon Spur;

(3) a certificate of public convenience and necessity authorizing REX to acquire via a lease agreement, capacity in East Cheyenne's gas storage facilities (the "East Cheyenne Lease"), to facilitate REX's provision of a new no-notice service ("NNS"); and

(4) approval to establish a new NNS, a new firm storage service ("FSS") and a new interruptible storage service ("ISS"), approval of associated *Pro Forma* tariff records, rates for service on the Project, and approval of other related tariff changes.

Further, Cheyenne Connector requests:

(5) Commission authorization to abandon by lease 250,000 dekatherms ("Dth") per day ("Dth/d") of existing unsubscribed transportation capacity to REX, pursuant to the Cheyenne Connector Lease.

Finally, East Cheyenne requests:

(6) Commission authorization to abandon by lease 1,500,000 Dth[4] of existing unsubscribed storage capacity to REX, pursuant to the East Cheyenne Lease.

The Applicants respectfully request that the Commission issue an order granting the authorizations requested herein by no later than the fourth quarter of 2026,[5] to allow sufficient time for construction, so that REX may place the Project in service by the second quarter of 2028. This schedule is consistent with current administration policy directing agencies to expedite the completion of energy projects to help address the urgent need for additional natural gas infrastructure in the United States.[6]

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4 The lease contemplates a Maximum Daily Injection Quantity of 50,000 Dth/d and a Maximum Daily Withdrawal Quantity of 50,000 Dth/d.

5 Applicants intend to make a submission to the Council on Environmental Quality, consistent with the provisions of the One Big Beautiful Bill Act, Pub. L. No. 119-21, § 60026 (2025), for expedited review under the National Environmental Policy Act, 42 U.S.C. §§ 4321 *et seq*. Applicants will file with the Commission any related documentation.

6 *See* Exec. Order No. 14,156, Declaring a National Energy Emergency, 90 Fed. Reg. 8,433 (Jan. 20, 2025).

I. EXECUTIVE SUMMARY

The Project is proposed to enable REX to provide up to 100,000 Dth/d of firm natural gas transportation service and 50,000 Dth/d of NNS to Colorado Springs Utilities ("CSU")[7] for delivery to new points near Colorado Springs, Colorado to meet growing demand for natural gas. The Project has been sized and designed consistent with the response received during the Open Season, and is fully subscribed by CSU. The Project was developed to meet CSU's need for additional natural gas transportation capacity, primarily to support projected growth associated with CSU's local distribution company ("LDC") and additional power generation needs, as well as CSU's greenhouse gas ("GHG") emission reduction goals. By combining greenfield pipeline construction with leased existing capacity, the proposed Project will minimize environmental impacts and landowner disruptions while optimizing existing facilities to realize efficiencies in natural gas transportation.

This combination of existing and new pipeline storage and transportation resources will provide CSU with access to multiple gas supply sources, including receipt points at the Cheyenne Hub, and establish a seamless transportation path to CSU's planned generation units and city-gate delivery points for its distribution system. The firm transportation service will provide CSU with a dependable base level of gas supply, while the highly reactive NNS will (i) support the traditional service requirements of LDC shippers, (ii) enable flexible and timely ramp-up and ramp-down of generation in response to changing electric load, and (iii) assist with managing the variability associated with renewable energy integration.

[7] CSU is a municipally owned utility that provides natural gas, electric, water and wastewater services in and around the city of Colorado Springs, Colorado.

Moreover, CSU currently relies upon a single interstate pipeline to transport all of its natural gas for both its distribution and generation requirements. Sourcing natural gas from two interstate pipelines rather than one will provide CSU with significant advantages in terms of resiliency, reliability, cost, and operational flexibility for its customers. In addition to ensuring the availability of ample firm transportation capacity, the Project will enhance supply security by providing redundancy in the event of pipeline disruptions, will allow access to multiple supply basins, foster price competition and market liquidity, and will provide strategic sources of fuel to generate electricity, which in turn will be utilized to support critical energy needs, including military and national security initiatives in the region.

REX is proposing to establish a new separate rate zone, Zone 4, for transmission services on the Project as detailed in Exhibit P. As designed, the recourse rates for this new rate zone will not affect any other REX customer and will ensure that only those who use the Project facilities pay for them.

Construction of the Project will result in numerous benefits. Construction is projected to support a total of approximately 1,000 temporary jobs and about $131 million in local labor income. Additionally, construction of the Project is expected to include local purchases of about $22 million in professional services, including engineering, survey and realty consulting services. Moreover, the services to be provided by the Project will support CSU's long term goals of constructing new gas-fired electric generation facilities, as well as switching its existing generation from coal to gas, reducing CSU's emissions and supporting compliance with Colorado's state-mandated GHG reduction targets.

The Applicants began active engagement with landowners, communities, and other stakeholders in the vicinity of the Project during the Fall of 2024. This early engagement has

allowed the Applicants to work directly with landowners and other stakeholders to proactively address their questions and concerns. The Applicants are committed to keeping these lines of communication open and to that end have established multiple communications portals through which landowners, the public, and other stakeholders may ask questions and submit comments to the Project team.

The Project has been designed, and will be constructed, in a manner that will minimize environmental impacts, which are described in detail in the Resource Reports provided in Exhibit F-1. REX will conduct construction activities in accordance with applicable laws and regulations, as well as the specific requirements of applicable permits. As discussed fully herein, the Project satisfies the requirements under the Commission's *Certificate Policy Statement*[8] and therefore is required by the public convenience and necessity under the NGA.

The Applicants are herein requesting authorization for REX to construct, own, operate, and maintain expansion facilities, approval of initial rates, terms and conditions for REX's proposed services on the Project, and authorizations for REX to acquire, and Cheyenne Connector and East Cheyenne each to abandon, via lease, transportation capacity on Cheyenne Connector Pipeline and storage capacity in East Cheyenne, all as more fully described herein. In order to construct and place the Project in service within the timeframe required by CSU, the Applicants are requesting Commission approval of this Application by no later than the fourth quarter of 2026 so that the Project may be constructed and placed in service by the second quarter of 2028.

[8] *See Certification of New Interstate Nat. Gas Pipeline Facilities*, 88 FERC ¶ 61,227 (1999) (hereinafter the "*Certificate Policy Statement*"), *clarified*, 90 FERC ¶ 61,128, *further clarified*, 92 FERC ¶ 61,094 (2000).

II. CORRESPONDENCE AND COMMUNICATIONS

The Applicants respectfully request that all correspondence and communications concerning this Application be sent to each of the following persons, who also should be designated for service on the Commission's Official Service List[9]:

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III. IDENTITY OF THE APPLICANTS

A. Rockies Express Pipeline LLC

The exact legal name of REX is Rockies Express Pipeline LLC. REX is a Delaware limited liability company with a principal place of business located at 11550 Ash Street, Suite 220, Leawood, Kansas 66211. REX is owned by the following members: (1) 100% of the common membership interests are held by TEP REX Holdings, LLC ("TEP REX"), an indirect wholly-owned subsidiary of Tallgrass Energy Partners, LP ("TEP"), and (2) 100% of the preferred membership interests are held by certain private investors. TEP REX, as the managing member

[9] The Applicants respectfully request waiver of 18 C.F.R. § 385.203(b)(3), in order to allow inclusion of the Applicant's internal representatives, as well as outside counsel, on the official service list for this proceeding.

of REX, has the exclusive and complete authority to manage the operations and affairs of REX and to make all decisions regarding the business of REX in such capacity. As a result, TEP REX exercises control over REX.

REX is a "natural gas company" under the NGA and is subject to the jurisdiction of the Commission.[10] The existing REX facilities are comprised of over 1,700 miles of 36-inch and 42-inch diameter pipeline, associated compression, and certain laterals of various diameters, which provide natural gas transportation services within the States of Colorado, Wyoming, Nebraska, Kansas, Missouri, Illinois, Indiana, and Ohio.

B. Cheyenne Connector, LLC

The exact legal name of Cheyenne Connector is Cheyenne Connector, LLC. Cheyenne Connector is a Delaware limited liability company that is 50% owned by Tallgrass Cheyenne Connector Holdings, LLC, an indirect wholly-owned subsidiary of TEP, and 50% by DCP Cheyenne Connector, LLC, an indirect wholly-owned subsidiary of Phillips 66. The principal place of business of Cheyenne Connector is located at 11550 Ash Street, Suite 220, Leawood, Kansas 66211.

Cheyenne Connector is a "natural gas company" under the NGA and is subject to the jurisdiction of the Commission. The existing Cheyenne Connector facilities are comprised of 70 miles of large-diameter interstate natural gas pipeline ("Cheyenne Connector Pipeline") designed to receive gas from processing facilities in southern Weld County, Colorado in the Denver-Julesburg Basin ("DJ Basin") and deliver it to the Cheyenne Hub, just south of the Wyoming border in Colorado.

[10] 15 U.S.C. § 717a(6).

C. East Cheyenne Gas Storage, LLC

The exact legal name of East Cheyenne is East Cheyenne Gas Storage, LLC. East Cheyenne is a Delaware limited liability company that is an indirect wholly-owned subsidiary of TEP. The principal place of business of East Cheyenne is located at 11550 Ash Street, Suite 220, Leawood, Kansas 66211.

East Cheyenne is a "natural gas company" under the NGA and is subject to the jurisdiction of the Commission. The existing East Cheyenne facilities are comprised of an underground natural gas storage facility in Logan County, Colorado.

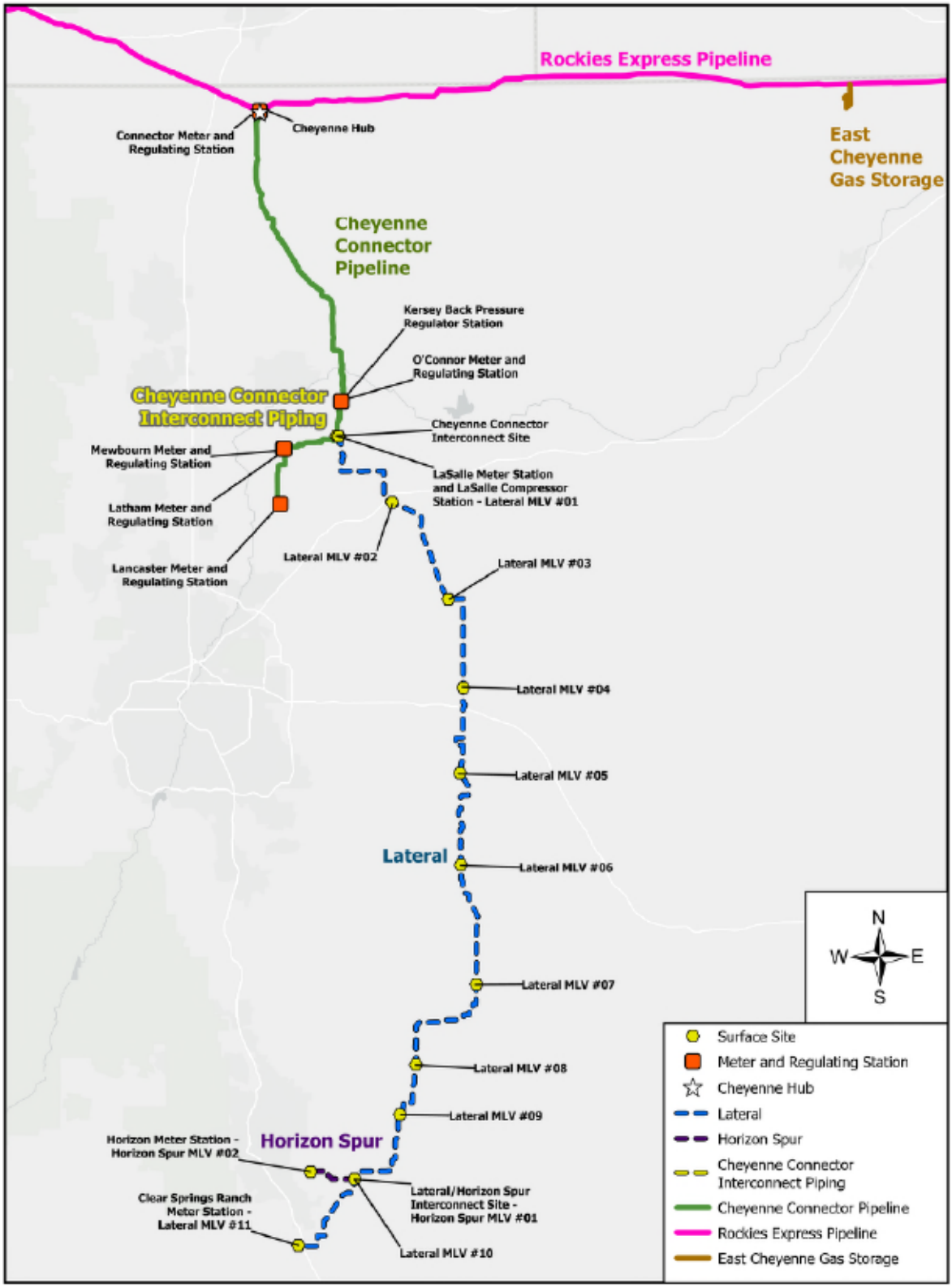
Additional detail regarding the Applicants, including an explanation of corporate relationships, can be found in Exhibits A, B, C, and D hereto.

IV. PROJECT DESCRIPTION

The Project, through a combination of new and existing facilities, will enable REX to provide CSU with up to 100,000 Dth/d of firm natural gas transportation service and 50,000 Dth/d of NNS to new delivery points to meet growing demand for natural gas. With respect to new facilities, the Project includes construction of the Lateral, Horizon Spur, Cheyenne Connector Interconnect Piping, the LaSalle CS, and associated metering and appurtenant facilities.[11] The Project also includes the use of leased capacity on two existing facilities, Cheyenne Connector Pipeline and the East Cheyenne gas storage facility. Figure 1-1 below is a map that depicts the major Project components, and the locations of the REX Mainline, Cheyenne Connector Pipeline, and the East Cheyenne gas storage facility.

[11] Additionally, Cheyenne Connector will engage in construction activities related to the Project, under its existing blanket certificate, as detailed below.

Figure 1-1: Project Overview



Details regarding the proposed Project facilities and capacity leases are provided below.

A. Pipeline Segments

1. *Lateral*

The Lateral will consist of approximately 152.7 miles of new 24-inch-diameter natural gas pipeline, originating within the LaSalle CS at Lateral milepost ("MP") 0.8, and extending south to the proposed Clear Springs Ranch Meter Station ("Clear Springs Ranch MS") at Lateral MP 153.5.[12] The Lateral, which is an expansion of REX's existing FERC-jurisdictional natural gas transmission system, will enable REX to provide up to 100,000 Dth/d of firm natural gas transportation service from the existing Cheyenne Connector Pipeline to points proximate to CSU's planned generation facilities, as well as to CSU's local distribution pipeline system.

2. *Horizon Spur*

The Horizon Spur will consist of approximately 7.0 miles of new 24-inch-diameter natural gas pipeline, originating at Lateral MP 138.2 and extending west 7.0 miles to the proposed Horizon Meter Station ("Horizon MS"). The Horizon Spur will enable REX to deliver natural gas from the Lateral to CSU's Horizon Utility Campus.

3. *Cheyenne Connector Interconnect Piping*

The Cheyenne Connector Interconnect Piping will consist of approximately 0.3 mile of new 24-inch-diameter natural gas interconnect piping, and will connect the existing Cheyenne Connector Pipeline to the proposed LaSalle CS.

The Lateral and Horizon Spur pipeline segments will be designed with a maximum allowable operating pressure ("MAOP") of 1,440 pounds per square inch gauge ("psig") and the Cheyenne Connector Interconnect Piping will be designed with an MAOP of 1,480 psig. REX

[12] The Lateral begins at MP 0.8 and terminates at MP 153.5; therefore, the total length of the Lateral is 152.7 miles.

proposes to construct the pipeline segments in new right-of-way ("ROW") in Weld, Adams, Arapahoe, Elbert, and El Paso counties, Colorado.[13] Approximately 39 percent (61.9 miles) of the pipeline segments will be parallel to or abutting existing utility corridors.

B. Aboveground Facilities

1. *LaSalle CS*

The LaSalle CS will include the installation of three gas-fired compressors totaling 6,195 hp. The LaSalle CS will also include the LaSalle Meter Station ("LaSalle MS"), and Lateral mainline valve ("MLV") #01 with a pig launcher. The compressor station will also include aboveground and below ground piping, station piping and other auxiliary equipment such as gas cooling, engine jacket water and auxiliary coolers, engine exhaust stacks with catalysts and silencers, gas filter/coalescers, blowdown silencers, an electrical building, emergency generation, fuel gas conditioning and metering equipment, a condensate storage tank, oily water storage tanks, lube oil storage tanks and pump, a coolant tank and pump, an air compressor building, an office/warehouse, communication equipment, and associated gas/utility controls.

REX is evaluating the option of electric motor-driven compression at the proposed LaSalle CS as an alternative to gas-fired engines. To meet the Project requirements and provide a similar level of operational flexibility as the proposed natural gas-driven compressors, 8-megawatt electric motor-driven compression units with equivalent hp would be required. REX is continuing to consult with the local electricity provider to determine the feasibility of obtaining electric power to support the use of electric motors. However, until and unless the utility can demonstrate and commit to delivering the required electricity at competitive rates, the electric motor-driven compression cannot be incorporated into the Project, but is still considered an option. In the event

[13] While no Project facilities are proposed for Lincoln County, the Limon Pipe Yard, a contractor/pipe yard, will be located there.

the utility commits to providing sufficient power to meet the Project's operational requirements at market rates, the use of electric generation will become the preferred alternative and REX will notify the Commission of the change.

2. *Interconnect Facilities*

The Project will include the installation of two interconnect facilities, the Cheyenne Connector Interconnect Site and the Lateral/Horizon Spur Interconnect Site. The Cheyenne Connector Interconnect Site will be located 0.3 mile west of the LaSalle CS and will connect the Cheyenne Connector Interconnect Piping to the existing Cheyenne Connector Pipeline. The Cheyenne Connector Interconnect Site will include a hot tap to the existing Cheyenne Connector Pipeline and aboveground appurtenances consisting of system isolation piping and valves.

The Lateral/Horizon Spur Interconnect Site will be located at the interconnection between the Lateral and Horizon Spur at Lateral MP 138.2 and Horizon Spur MP 0.0. The Lateral/Horizon Spur Interconnect Site will include Lateral MLV #10, an equipment building, Horizon Spur MLV #01, aboveground appurtenances consisting of a pig launcher, interconnect valves and piping, system isolation, and supervisory control and data acquisition ("SCADA") and control buildings.

Below ground components at both interconnect facilities will predominately consist of piping and conduits.

3. *Meter Stations*

The Project will include the installation of three new meter stations: the LaSalle MS, the Clear Springs Ranch MS, and the Horizon MS. The LaSalle MS will be contained within the LaSalle CS, at Lateral MP 0.8, as described above. The Clear Springs Ranch MS will be located at Lateral MP 153.5, and will include a new interconnect with CSU, Lateral MLV #11, and a pig receiver. The Horizon MS will be located at Horizon Spur MP 7.0 and will include a new interconnect with the Horizon Utility Campus, Horizon Spur MLV #02, and a pig receiver.

The three meter stations will include aboveground appurtenances consisting of valves and piping, system isolation, filter and separation equipment, metering, flow control and/or pressure control functionality, aboveground liquid storage, power back-up equipment, SCADA and control buildings or sheds, gas quality equipment and buildings/sheds, and safety and security equipment. Below ground components at meter stations will predominately consist of piping and conduits.

4. *Appurtunent Facilities*

MLV facilities will be installed to control and, if necessary, to stop the flow of gas and to isolate sections of the pipeline segments during maintenance, repair, and if a leak is detected. A total of 13 MLVs will be installed for the Project, 5 of which (Lateral MLV #01, Lateral MLV #10, Lateral MLV #11, Horizon Spur MLV #01, and Horizon Spur MLV #02) will be located entirely within other proposed aboveground facilities, as detailed above. The eight remaining MLVs will be installed at various locations along the Lateral.

As noted above, pig launchers and receivers will be installed as part of the Project to allow for cleaning and inspection. The launcher and receiver facilities will be installed entirely within other proposed aboveground facilities and will be designed to withstand internal pressure equal to or exceeding that of the interconnecting pipe.

C. <u>Blanket Certificate Facilities</u>

Pursuant to automatic authorization under its Part 157, Subpart F blanket certificate, Cheyenne Connector intends to modify an existing meter station and construct a new backpressure regulator station (the "Kersey Back Pressure Regulator Station"), in connection with the Project (together, "Blanket Authorization Facilities"). Construction of the Blanket Authorization Facilities is anticipated to begin following approval of the proposed Project.

1. *Connector Meter and Regulating Station Modifications*

Piping and switching (on/off) valves will be installed at Cheyenne Connector's existing Connector Meter and Regulating Station and the associated hub booster station to: (1) allow the Connector Meter and Regulating Station to be bidirectional; (2) add a connection from the discharge of the booster station to the upstream side of the Connector Meter and Regulating Station to bypass the hub boosters when REX Mainline pressures allow; and (3) add a connection from the Cheyenne Hub interconnect header to the inlet of the Connector Meter and Regulating Station to bypass the hub booster when REX Mainline pressures allow. All work will be completed within the existing site.

2. *Kersey Back Pressure Regulator Station*

Cheyenne Connector will also construct the Kersey Back Pressure Regulator Station adjacent to an existing launcher site. Construction of the Kersey Back Pressure Regulator Station will include: (1) installation of a back pressure regulator, building, and pipe support foundations; (2) a tie into the new actuated valves; (3) installation of a remote terminal unit ("RTU") building; and (4) wiring up all controls and input/output between valves, instruments, and the RTU building.

D. <u>Capacity Leases</u>

1. *Cheyenne Connector Lease*

Pursuant to the Cheyenne Connector Lease, REX will lease 250,000 Dth/d[14] of existing capacity from Cheyenne Connector. The leased capacity will enable REX to provide a seamless path by which gas supplies can be acquired at the Cheyenne Hub for transportation to the Lateral, and further delivery to CSU's gas-fired electric generation facilities, supporting the firm

[14] The total deliverability capacity of the Project is 250,000 Dth/d comprised of 100,000 Dth/d for FTS and 150,000 Dth/d for NNS. As detailed below, NNS requires 150,000 Dth/d in any hour due to the hourly deliverability component of this service.

transportation service ("FTS") and NNS contracted by CSU from REX.

The difference between the amount of capacity being leased from Cheyenne Connector (250,00 Dth/d) and the amount of capacity contracted under the precedent agreement between REX and CSU (100,000 Dth/d of FTS and 50,000 Dth/d of NNS) is due to the hourly service component associated with the provision of NNS. While FTS will be provided under a standard 1/24th ratable contract, the new NNS has been designed to support the volatile nature of power generation load and allows the shipper to access the daily quantity over an eight-hour period. This requires the lease on Cheyenne Connector to be able to accommodate three times the maximum daily quantity on an hourly basis. Hence, 50,000 Dth/d of NNS requires a lease of 150,000 Dth/d. When combined with the 100,000 Dth/d of FTS, REX needed to lease 250,000 Dth/d of capacity on Cheyenne Connector.

The Cheyenne Connector Lease has an initial term of 20 years.[15] Cheyenne Connector will maintain operational control over its system at all times during the term of the Cheyenne Connector Lease.

REX will pay Cheyenne Connector a capacity lease fee of $2.43333/Dth-month[16] during the initial term of the Cheyenne Connector Lease (and first renewal term if applicable). If REX elects to renew the Cheyenne Connector Lease for a second five-year renewal term, the fee will increase by one percent per year for the duration of that second renewal term. REX will pay to Cheyenne Connector the same Fuel and Lost and Unaccounted-for and Electric Power Costs, as applicable, that would apply if REX were a shipper on the Cheyenne Connector system taking

[15] Following the initial 20-year term, the Cheyenne Connector Lease may thereafter be renewed at REX's option for up to two additional five-year periods.

[16] Per the terms of the Cheyenne Connector Lease, the "monthly lease fee" means the product of (i) 250,000 Dth and (ii) the capacity lease fee.

service pursuant to Cheyenne Connector's FERC Gas Tariff. Accordingly, there will be no resulting subsidy by Cheyenne Connector's existing customers. A copy of the Cheyenne Connector Lease is attached hereto in Exhibit I-1.

2. *East Cheyenne Lease*

Pursuant to the East Cheyenne Lease, REX will lease a Maximum Storage Quantity of 1,500,000 Dth of existing storage capacity at East Cheyenne's storage facility in Logan County, Colorado, which will allow for delivery of gas supplies from East Cheyenne's storage facility on a no-notice basis. The lease includes a Maximum Daily Injection Quantity of 50,000 Dth/d and a Maximum Daily Withdrawal Quantity of 50,000 Dth/d.[17] The lease also includes a Maximum Hourly Delivery Quantity of up to 6,250 Dth/hour.

The East Cheyenne Lease has an initial term of 20 years.[18] East Cheyenne will maintain operational control over its system at all times during the term of the East Cheyenne Lease.

REX will pay East Cheyenne a capacity lease fee of $27.0000/Dth-month[19] for the initial term (and first renewal term if applicable) of the East Cheyenne Lease. If REX elects to renew the East Cheyenne Lease for a second five-year renewal term, the fee will increase by one percent per year for the duration of the second renewal term. REX will also pay East Cheyenne a usage charge of $0.01 for each Dth of gas injected into or withdrawn from the East Cheyenne storage facilities, for each day during a given month. REX will pay to East Cheyenne the same Fuel Reimbursement that would apply if REX were a shipper on East Cheyenne taking service pursuant to East Cheyenne's FERC Gas Tariff. Accordingly, there will be no fuel subsidy by East

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[17] REX's injections and withdrawals under the East Cheyenne Lease may be made on a no-notice basis.

[18] Following the initial 20-year term, the East Cheyenne Lease may thereafter be renewed at REX's option for up to two additional five-year periods.

[19] Per the terms of the East Cheyenne Lease, the "monthly lease fee" means the product of (i) 50,000 Dth and (ii) the capacity lease fee.

Cheyenne's existing customers. A copy of the East Cheyenne Lease is attached hereto in Exhibit I-1.

V. THE PROJECT IS REQUIRED BY THE PUBLIC CONVENIENCE AND NECESSITY

A. The Project is Consistent with the Certificate Policy Statement.

The Commission's *Certificate Policy Statement* provides guidance for evaluating proposals to certificate new construction and establishes the criteria for determining whether there is a need for a proposed project and whether such project will serve the public interest. In determining whether to approve a proposal for construction of new interstate pipeline facilities, the Commission balances the public benefits created by the project against potential adverse impacts.

In that regard, the threshold question is whether the project proponent is prepared to financially support the project without relying on subsidization from existing customers. The next step is to determine whether the applicant has made efforts to minimize any adverse effect the project might have on the applicant's existing customers, existing pipelines in the market and their captive customers, or landowners and communities affected by the route of the new pipeline facilities.[20] If residual adverse effects on these interest groups are identified, after efforts have been made to minimize them, the Commission evaluates the project by balancing the evidence of public benefits to be achieved against the residual adverse effects.[21] As described below, the Project satisfies the policy goals set forth in the *Certificate Policy Statement*, and therefore is required by the public convenience and necessity under the NGA.

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[20] *See Certificate Policy Statement*, 88 FERC ¶ at pp. 61,747-48.

[21] *See id.* at p. 61,748; *see also Citizens Action Coalition of Indiana, Inc. v. FERC*, 125 F.4th 229, 235 (D.C. Cir. 2025) ("When making this determination, FERC must consider all factors bearing on the public interest, and may approve a project only where the public benefits outweigh the project's adverse impacts[.]") (cleaned up).

1. *The Project Will Not Result in Subsidization or Adversely Affect Existing Shippers.*

The construction and operation of the proposed Project facilities will not result in any financial subsidy by REX's existing customers. The Project is supported by a precedent agreement with CSU for 100% of the capacity to be made available by the Project, pursuant to which CSU will enter into long-term service agreements with REX. Accordingly, existing REX shippers will not subsidize the Project. REX has agreed with CSU to charge fixed negotiated monthly reservation rates for the firm transportation and NNS provided by the Project, and REX will be at risk for any revenue shortfall associated with the negotiated rate agreements.[22] Further, the Project will not degrade the quality of service currently provided to REX's existing shippers.[23] *The Project Will Not Adversely Affect Other Pipelines in the Market or Their Customers.*

The Project will not adversely impact competing pipelines or their captive customers. The service provided by the Project is not replacing existing natural gas service but rather, is supporting CSU's plans to construct new gas-fired electric generation to serve growing need in the Colorado Springs area. As such, the Project is not designed to bypass an existing pipeline or to provide service already provided by another pipeline.[24] The Project will provide CSU with access to reliable and directly sourced gas supplies. To the extent there are any perceived adverse effects

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[22] REX acknowledges that it must file such negotiated rate agreements, as well as any non-conforming terms, with the Commission prior to commencing service on the Project.

[23] Additionally, all leased capacity associated with the Project is existing, unsubscribed capacity, and therefore the Project will not negatively impact Cheyenne Connector or East Cheyenne's customers.

[24] While CSU's existing pipeline supplier, Colorado Interstate Gas Company ("CIG"), offers a no-notice service under Rate Schedule NNT, it is not available for new loads. CIG also offers a similar but more limited Hourly Entitlement Enhancement Nomination ("HEEN") service, which permits hourly variation by nominating constant hourly rates and using line pack to manage swings. However, HEEN still requires daily nominations, even if actual load is uncertain. REX's NNS eliminates the need for daily nominations, making it well-suited to CSU's variable electric generation needs and providing critical flexibility to support renewable integration.

on other pipelines, such adverse effects would be outweighed by CSU's access to additional supplies and a diversity of supply sources.[25]

There are no anticipated interruptions to service to any pipeline interconnects, including both receipts and deliveries. The proposed construction reflected in this Application is confined to REX and its affiliate Cheyenne Connector's systems. Accordingly, there will be minimal, if any, impact on other pipelines or their customers.

2. *The Project Will Have Minimal Impacts on Private Landowners.*

REX has expended significant efforts to eliminate or minimize any adverse effects the Project may have on the interests of landowners and surrounding communities. As of the date of this Application, REX has received survey permission from the majority of landowners along the Project route. To the extent practicable, REX intends to obtain the land required for the Project directly from landowners through good faith negotiations.

Construction of the proposed Project will require the use of a total of approximately 2,247.4 acres of land, resulting in both temporary and permanent land disturbance. Operation of the proposed Project will permanently impact approximately 942.3 acres, of which approximately 890.0 acres are associated with the permanent ROW and approximately 52.3 acres are associated with the aboveground facilities. The remaining 1,305.1 acres will be temporarily disturbed and returned to pre-construction conditions following the completion of construction. As noted above, REX has minimized potential impacts on previously undisturbed land by maximizing the use of leased capacity and existing and planned corridors, with approximately 39 percent of the pipeline segments proposed for construction parallel to or abutting existing utility corridors.

[25] *See Certificate Policy Statement*, 88 FERC ¶ at p. 61,748 ("The Commission need not protect pipeline competitors from the effects of competition, but it does have an obligation to ensure fair competition.").

As detailed in the Environmental Report found in Exhibit F-1, all other environmental impacts associated with the Project are anticipated to be minor. Significantly, cumulative air impacts during the construction phase of the Project are expected to be minimal due to the temporary and localized nature of construction activities, and the fugitive emissions associated with operation of all aboveground facilities other than the LaSalle CS are expected to be minimal, and as such, are not expected to significantly impact the surrounding air quality. The emissions increases from the proposed LaSalle CS are not expected to cause exceedance of the National Ambient Air Quality Standards, based on preliminary modeling results. Further, REX is adopting certain specified mitigation measures to minimize dust[26] and traffic disruptions.[27] Therefore, REX has taken significant steps to minimize impacts to landowners and communities.

B. Market Demand and Need for the Project

Commission policy provides that precedent agreements "are the best evidence" of project need.[28] Demand for the Project is supported by a precedent agreement with CSU for 100% of the capacity to be made available by the Project.[29] Following execution of the precedent agreement with CSU, REX held an open season for the Project from May 16 to June 2, 2025, in accordance

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[26] *See* Exhibit F-1, Resource Report 1, App. 1F-7 (Fugitive Dust Control Plan).

[27] *See* Exhibit F-1, Resource Report 5.

[28] *See, e.g.*, *Transcontinental Gas Pipe Line Co., LLC*, 190 FERC ¶ 61,048, at P 29 (2025) (affirming that "it is the Commission's policy that precedent agreements are the best evidence" of project need); *Tex. Gas Transmission, LLC*, 181 FERC ¶ 61,049, at P 22 (2022) (finding a long-term precedent agreement for almost 100% of the project's capacity is significant evidence of need for the proposed project). *See also Healthy Gulf v. FERC*, 132 F.4th 544, 553 (D.C. Cir. 2025) (noting that precedent agreements "are important, and sometimes sufficient, evidence of market need for a pipeline project") (internal quotation marks omitted); *Food & Water Watch v. FERC*, 104 F.4th 336, 347 (D.C. Cir. 2024) ("[W]e repeatedly have held that [precedent agreements]—especially between unaffiliated entities—are good evidence of [market] demand.") (internal quotation marks omitted).

[29] *See* Exhibit I-2.

with its tariff.[30] REX did not receive any additional conforming bids from interested parties in the open season.

CSU has committed to a minimum 20-year agreement with REX for 100,000 Dth/d of FTS and 50,000 Dth/d of NNS. CSU will utilize this capacity to transport natural gas to the new gas-fired generation facilities that it will be constructing and operating in Colorado Springs, as well as to existing gas-fired generation facilities. These fast-start natural gas generation facilities are designed to manage CSU's variable load and complement its growing fleet of intermittent renewable sources. CSU is a non-affiliated municipal utility, which is effectively owned by its customers and accountable to the Colorado Springs City Council.

Notwithstanding the Commission's clear policy regarding precedent agreements, REX retained a third-party consultant to prepare an independent market study ("Market Study"), which further concluded that the Project is needed to meet growing demand.[31] The Market Study evaluated CSU's need for generation and demand growth, availability of gas supply for the Project, CSU's pipeline needs (incorporating historical usage and multiple growth scenarios), CSU's selection of REX to meet its needs and the advantages of the Project over alternatives, and the consistency with Colorado's policy initiatives. Based on information provided by REX and CSU, as well as data collected from other publicly available sources, the Market Study concluded that the Project is a necessary and prudent infrastructure investment to meet CSU's long-term service requirements, real-time generation variability and operational needs. The Market Study further

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[30] *See* Exhibit Z-1; Rockies Express Pipeline LLC, Tariff, Third Revised Vol. No. 1, General Terms & Conditions, § 2 (Expansion of the System) (0.0.0). CSU's precedent agreement constituted a binding and irrevocable bid in the open season.

[31] *See* Exhibit I-3.

found that the proposed Project enhances grid reliability while supporting broader decarbonization goals.

C. Additional Project Benefits

As discussed herein, the proposed Project has numerous benefits. The Project will provide optionality to CSU to supplement and offset its coal-fired facilities with gas-fired generation to meet its GHG reduction goals, support and facilitate compliance with Colorado's GHG reduction mandates, address growing electricity demand in the Colorado Springs region, provide strategic sources of fuel to generate electricity which will be utilized to support military and homeland security initiatives, accommodate variable gas deliveries for distribution and electric generation needs, satisfy projected peak demand growth in CSU's local distribution system, provide access to cost-effective, reliable, and responsive natural gas supply, and improve supply security through pipeline and basin diversification. Additionally, construction of the Project will provide local and regional economic benefits. Additional details regarding the Project's support of Colorado's GHG reduction mandates and the economic benefits of the Project for the Colorado Springs community and the state are provided below.

1. *The Project Will Help End-Users Meet Colorado Climate Initiatives.*

The Project was developed to meet CSU's need for additional natural gas transportation capacity, primarily to support projected growth in distribution and power generation needs, including in conjunction with planned gas-fired electric generation installation at the Ray D. Nixon Power Plant, Front Range Power Plant, and Horizon Utility Campus. Executing this Project and delivering natural gas to CSU will facilitate CSU's long-term plan to convert portions of its coal-fired generation to gas-fired generation.

In 2019, the Colorado General Assembly enacted House Bill 19-1261, the Climate Action Plan to Reduce Pollution, which establishes statewide GHG reduction goals of 26% by 2025, 50%

by 2030, and 90% by 2050 (relative to 2005 levels).[32] In 2021, Colorado published its Greenhouse Gas Pollution Reduction Roadmap, which was codified in legislation in 2023.[33] The roadmap aims for 100% carbon reduction by 2050.[34]

The proposed Project and CSU's commitment to underwrite the Project underscores their commitment to achieve Colorado's state-mandated GHG reduction targets. The Project supports these goals by enabling the retirement of CSU's last coal plant and replacing outdated facilities and by providing important load-following and peaking capability to enable the transition to more intermittent energy sources, such as solar.

2. *The Project Will Benefit the Local Economy and Provide Good-Paying Jobs.*

The Project is anticipated to temporarily employ approximately 1,000 people during the construction phase, and will result in four permanent jobs. REX anticipates using union labor and REX and its contractors will prioritize local hiring.

As part of its review of potential Project impacts, REX commissioned a third-party report on the projected socioeconomic impacts of the Project ("Projected Economic and Fiscal Benefits from Construction of the Critical Energy Reliability Link Project").[35] The Projected Economic and Fiscal Benefits from Construction of the Critical Energy Reliability Link Project report concludes that the counties along the Project route will receive numerous economic and fiscal (tax) benefits during both construction and operation of the Project.

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[32] The 2050 target in the Climate Action Plan has since been modified from 90% to 100% by subsequent legislation, S.B. 23-016, concerning Greenhouse Gas Emission Reduction Measures, codified at C.R.S. § 25-7-102(2)(g)(I)(F).

[33] Colorado Energy Office, *Colorado Greenhouse Gas Pollution Reduction Roadmap 2.0* (2023), *available at* https://energyoffice.colorado.gov/ghg-pollution-reduction-roadmap; Greenhouse Gas Emission Reduction Measures, SB23-016, 75th Gen. Assemb. (Colo. 2023), *available at* https://leg.colorado.gov/bills/sb23-016.

[34] *See Colorado Greenhouse Gas Pollution Reduction Roadmap 2.0*.

[35] *See* Exhibit F-1, Resource Report 5, App. 5A.

Sales and use taxes on materials used to construct the Project are expected to produce an estimated $5 million in tax revenues, including approximately $1 million in revenues for counties in Colorado and nearly $4 million in revenues for the State of Colorado. When the Project is placed in service, it will initially produce an estimated $5.6 million in annual property tax revenues in Colorado. Based on its anticipated 35-year lifespan, the Project should produce nearly $100 million in cumulative property tax revenues for county governments, special districts, and public schools in Colorado.

Due to the multiplier effect, local and/or regional businesses will benefit from Project employment, and construction material and equipment fuel purchases. Project construction will further result in short-term, beneficial local economic impacts from increased payroll and local material purchases. Multiplier effects from spending by Project workers, and local purchases of services, supplies, and materials will produce approximately $3.3 million in local tax revenues and roughly $2.3 million in state tax revenues. Construction of the Project is also projected to support about $131 million in local labor income. Additionally, while most of the specialized supplies and equipment required to build the Project will likely be sourced from outside of the state, construction of the Project is expected to include local purchases of about $22 million in professional services (including engineering, survey, and realty consulting services).

D. <u>The Benefits of the Project Outweigh the Potential Adverse Effects.</u>

Under the *Certificate Policy Statement*, the Commission will evaluate a proposed project by balancing the evidence of public benefits to be achieved against any residual adverse effects. Once the Project is in service, CSU will be able to better meet rising demand for natural gas using cleaner, more efficient, and cost-effective power, while helping to meet Colorado state-mandated GHG reduction targets. Further, the Project can be constructed and operated with limited impact to the environment and landowners, and its operational air emissions will be minor. Accordingly,

the public benefits achieved by the Project more than outweigh any potential adverse impact. Therefore, the Project is in the public interest and is required by the present and future public convenience and necessity, as provided by Section 7(c) of the NGA.

VI. THE CAPACITY LEASES ARE REQUIRED BY THE PUBLIC CONVENIENCE AND NECESSITY

The Commission has previously found that capacity leases are beneficial for a number of reasons, including promoting efficient use of existing facilities, avoiding construction of duplicative facilities, creating administrative efficiencies for shippers and reducing (1) the risk of overbuilding, (2) costs, and (3) environmental impacts.[36] The Cheyenne Connector Lease and the East Cheyenne Lease (together, the "Capacity Leases") provide these benefits. Generally, the Commission will approve a capacity lease if it finds that: "(i) there are benefits from using a lease agreement; (ii) the lease payments are less than, or equal to, the lessor's firm transportation rates for comparable service over the term of the lease; and (iii) the lease agreement does not adversely affect existing customers."[37] However, the Commission does "not consider any of the prongs of the test in isolation, but rather will balance them, on a case-by-case basis" and, given the facts of individual lease cases, "will determine whether a proposal meets all of the three established criteria, and, if it does not, weigh the significance of the lease's failure to satisfy any criterion against the benefits it would provide with respect to other criteria."[38] On balance, the Commission should approve the Capacity Leases for the reasons discussed below.

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[36] *See, e.g., Texas Gas Transmission, LLC & Gulf South Pipeline Company, LLC*, 191 FERC ¶ 61,046, at P 35 (2025).

[37] *Id.* at P 33; *see also Enable Gas Transmission, LLC & Enable Gulf Run Transmission, LLC*, 175 FERC ¶ 61,183, at P 36 (2021) (*citing Tex. Gas Transmission, LLC*, 113 FERC ¶ 61,185, at P 10 (2005) & *Islander E. Pipeline Co., L.L.C.*, 100 FERC ¶ 61,276, at P 69 (2002)).

[38] *See, e.g., Texas Gas Transmission, LLC & Gulf South Pipeline Company, LLC*, 191 FERC ¶ at P 33 (*quoting National Fuel Gas Supply Company & Transcontinental Gas Pipe Line Company, LLC*, 172 FERC ¶ 61,039, at P 43 (2020)).

A. Capacity Lease Benefits

The Cheyenne Connector Lease will allow REX to provide seamless transportation service to CSU without building more extensive new pipeline facilities, and the East Cheyenne Lease will allow REX to provide CSU with NNS without building new storage facilities. In this regard, REX's acquisition of existing unsubscribed capacity from Cheyenne Connector and East Cheynne pursuant to the Capacity Leases promotes the efficient use of existing facilities and eliminates potential over-building and unnecessary disruptions to the environment and landowners.

Moreover, the costs that REX will incur under the Capacity Leases are less than the costs of constructing duplicative pipeline and storage facilities. If REX were to construct new facilities to duplicate the capacity that it will be leasing from Cheyenne Connector and East Cheyenne, REX would need to construct an additional new lateral pipeline and new storage facilities. REX estimates that construction of the additional pipeline would cost more than $350 million, which is significantly more than the costs that REX will incur to acquire the leased capacity from Cheyenne Connector. REX estimates that construction of the additional storage facilities, assuming REX could acquire the storage space at East Cheyenne's storage facility, would cost approximately $130 million to $147 million, which similarly is significantly more than the costs that REX will incur to acquire the leased capacity from East Cheyenne. The Capacity Leases will also offer significant administrative efficiencies by allowing nominations and scheduling of service with a single natural gas company (as opposed to separate nominations with Cheyenne Connector and East Cheyenne).

B. Capacity Lease Payments vs. Comparable Rates for Service

1. *REX's Lease Payments are Less than Cheyenne Connector's Transportation Rates*

As noted above, the Commission requires that the rate paid under a lease be no more than the rate charged by the lessor for comparable transportation service. The payment for the leased capacity on Cheyenne Connector Pipeline is a capacity lease fee of $2.43333/Dth-month compared

to Cheyenne Connector's firm transportation reservation rate of $5.8217/ Dth of maximum daily quantity per month. Therefore, the Cheyenne Connector Lease capacity lease fee is less than what REX would incur if it were to contract for firm transportation service on Cheyenne Connector Pipeline or in the alternative, if REX were to build new facilities to duplicate the capacity it will use instead of obtaining that capacity pursuant to a lease. Accordingly, FERC should find that the Cheyenne Connector Lease payment satisfies the second prong of the Commission's test for capacity leases.

2. *REX's Lease Payments are Just and Reasonable under the East Cheyenne Lease*

When no maximum cost-based firm interstate recourse rate is available for comparison to the lease rate, the Commission may look to other comparisons for determining whether a lease rate is appropriate. In the case of the East Cheyenne Lease, there is no maximum cost-based firm interstate recourse rate because East Cheyenne provides services pursuant to market-based rate authority. When a lessor has market-based rate authority, the Commission has held that the lease rate is just and reasonable if it is equal to or less than the average market-based rate that the lessor charges unaffiliated shippers for comparable service.[39] At the same time, the Commission has held that in situations "where there is no existing comparable service, the Commission has evaluated the capacity lease payment using other methods such as comparing the level of the lease payment to what the maximum recourse rate would be if the pipeline were to provide transportation service through the project facilities on a stand-alone basis."[40] Under analogous circumstances,

[39] *See generally Gulf South Pipeline Company, LP, et al.*, 146 FERC ¶ 61,149, at P 30 (2014).

[40] *National Fuel Gas Supply Co. & Transcontinental Gas Pipe Line Co., LLC*, 172 FERC ¶ 61,039, at P 47 (2020) (citing *Tennessee Gas Pipeline Co., L.L.C.*, 150 FERC ¶ 61,160, at P 36 (2015)).

the Commission had approved capacity leases if they allow the lessee to provide service "at a lower cost than if [the lessee] had constructed its own additional capacity" to provide the same service.[41]

REX is leasing storage capacity from East Cheyenne, and injections and withdrawals under the East Cheyenne Lease may be made on a no-notice basis. Although East Cheyenne offers a no-notice storage service pursuant to East Cheyenne's NNSS Rate Schedule, East Cheyenne does not currently have any customers that contract for this service. East Cheyenne does not offer any other comparable service, such that an average of East Cheyenne's market-based rates charged to its customers (under a different rate schedule) would be appropriate.

No-notice storage service is more valuable than traditional firm storage service and provides its customers with a highly reactive gas supply tool to manage unplanned demand gaps and periods of volatility. Thus, the only relevant comparison for the purposes of the Commission's review of the East Cheyenne Lease rate is the estimated maximum recourse rate if REX were to create the East Cheyenne Lease capacity through duplicative greenfield facilities designed to provide the same service being offered under the East Cheyenne Lease. The recourse rates for service on new facilities to duplicate service under the East Cheyenne Lease are estimated to be between $33.89/Dth-month and $38.25/Dth-month. This is far higher than the capacity lease fee under the East Cheyenne Lease of approximately of $27.0000/Dth-month. Accordingly, FERC should find that the East Cheyenne Lease payment satisfies the second prong of the Commission's test for capacity leases.

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[41] *Tennessee Gas Pipeline Co., L.L.C.*, 150 FERC ¶ 61,160 at P 36; *see also, e.g., Wyoming Interstate Company, L.L.C., et al.*, 182 FERC ¶ 62,138, at P 17 (2023) ("Here, [the lessors] do not offer transportation service that is directly comparable to the lease payment. In such instances, the Commission has approved lease agreements where the lessee's payments are less than, or equal to what the lessee's rates for comparable service would be if the lessee owned or constructed the capacity itself."); *see also Rockies Express Pipeline LLC, et al.*, 119 FERC ¶ 61,069, at P 42 (2007) (approving REX's proposal to lease facilities constructed specifically for the lease where REX's incremental resource reservation rate was significantly less than the "estimated firm transportation recourse reservation rate that would be required if [REX] built a greenfield project that duplicated [the lessor's] facilities.").

C. No Harm to Existing Customers

The third prong of the Commission's capacity lease analysis is "whether a proposed lease agreement would have an adverse effect on existing customers, such that the impact would outweigh the positive benefits identified."[42] The Commission has clarified that this prong of its test for approving a lease involves consideration of whether the lease would have an "undue" adverse impact on existing customers that would outweigh the public benefits identified in the first prong.[43]

As further discussed in this Application, REX's customers will not subsidize the costs of the capacity that will be leased from Cheyenne Connector and East Cheyenne. The capacity will enable REX to serve incremental markets at less cost than if REX had constructed its own facilities to transport the same quantities. Furthermore, to the extent that the capacity being leased from Cheyenne Connector and East Cheyenne is not used to serve firm obligations, REX will make any unused capacity available to its shippers pursuant to the terms of its FERC Gas Tariff.

With regard to Cheyenne Connector and East Cheyenne, service to existing shippers on Cheyenne Connector and East Cheyenne's systems will not be impacted by the proposed abandonment of capacity by lease. As such, the ability of Cheyenne Connector and East Cheyenne to continue to provide firm services and meet their respective current contractual commitments will not be adversely affected by the proposed abandonment by lease, nor will such abandonment result in reduced firm service to any of their existing shippers, or any existing shipper subsidizing REX or CSU.

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42 *Enable Gas Transmission, LLC & Enable Gulf Run Transmission, LLC*, 175 FERC ¶ at P 41.

43 *See, e.g., Midcontinent Express Pipeline LLC & Enogex Inc.*, 136 FERC ¶ 61,222, at P 22 (2011) ("[I]t is implicit that the Commission's application of the test will consider whether a proposed lease arrangement would result in *undue* adverse impacts on existing customers, i.e., adverse impacts on the existing customers that would not be clearly outweighed by the lease's positive benefits identified under the first prong of the test.") (emphasis in original).

Given the foregoing, the Applicants submit that the Capacity Leases are in the public convenience and necessity and should be approved by the Commission.

VII. ENVIRONMENTAL IMPACT

The Project has been designed, and will be constructed, in a manner that will minimize environmental impacts, which are described in detail in the Resource Reports provided in Exhibit F-1. REX will conduct construction activities in accordance with applicable laws and regulations, as well as the specific requirements of applicable permits. REX has been, and continues to be, engaged in consultations and coordination with the affected federal and state government agencies concerning the proposed construction activities associated with the Project. Copies of applicable agency and tribal consultation letters are included in Appendix 1B to Resource Report 1.

Additionally, REX will comply with the Commission's *Upland Erosion Control, Revegetation, and Maintenance Plan* ("FERC Plan") and *Wetland and Waterbody Construction and Mitigation Procedures* ("FERC Procedures"),[44] subject to the Project-specific deviations for construction and restoration activities as proposed in Resource Report 1, Appendix 1E.[45] Equivalent protective measures that will be implemented for each proposed deviation are also provided therein. REX's adherence to the FERC Plan and FERC Procedures, and the Project-specific deviations therefrom as reflected in Appendix 1E, will ensure protection of environmental resources impacted by the Project.

VIII. LANDOWNER NOTIFICATION AND OUTREACH

Applicants will comply with the landowner notification requirements set forth in Section 157.6(d) of the Commission's regulations. REX began contacting landowners and communities

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[44] *See* FERC, Office of Energy Projects, *Erosion Control, Revegetation & Maintenance Plan* (May 2013) & FERC, Office of Energy Projects, *Wetland and Waterbody Construction and Mitigation Procedures* (May 2013).

[45] *See* Exhibit F-1, Resource Report 1, App. 1E.

in November 2024, well in advance of filing this Application. By engaging with landowners and communities early in the planning stages of the Project, REX has been able to engage in robust dialogue with landowners and communities in the vicinity of the Project. Landowners and communities have had months to learn about the Project. Early engagement of landowners and communities has allowed REX to hear directly from landowners and to proactively address their questions and concerns. REX's interactions with landowners have been positive and REX will continue to work with landowners to make sure that their concerns are addressed.

Representatives of REX began meeting with governmental stakeholders starting as early as October 2024. Some key components of the Applicants' outreach have included: (i) timely notification and ongoing communication with federal, state, municipal, and county officials; and state legislative and congressional delegation members in advance of, or contemporaneous with, notification to affected landowners in order to ensure that interested stakeholders have timely access to Project information; and (ii) coordination and consultation among agencies to facilitate information exchange and regulatory guidance.

The Applicants have established multiple communications portals through which landowners, the public, and other stakeholders may ask questions and submit comments to the Project team. REX has established a toll-free telephone number for landowners and other interested stakeholders to obtain information about the Project. A Project website (www.criticalenergyreliabilitylink.com) has been created that provides the toll-free hotline number and contact email addresses, as well as up-to-date information about the Project, and copies of all filed materials. In this regard, the Applicants have established email contacts for landowners (coloradolandowners@tallgrass.com) and other interested stakeholders (community@tallgrass.com). The Applicants are committed to keeping landowners and

stakeholders informed as the Project progresses through the regulatory process and will continue to provide information to stakeholders as warranted.

IX. RATES

REX is proposing to establish a new separate rate zone for transmission services on the Project (Zone 4),[46] as detailed in Exhibit P.[47] As designed, the recourse rates for this new rate zone will not affect any other REX customer and will ensure that only those who use the Project facilities pay for them. REX has designed the recourse rates, utilizing the straight-fixed variable method, based on the full design capacity of the assets, thus accepting the financial risks associated with any unsubscribed capacity on the Project, and has included a credit to the cost of service to reflect potential interruptible transportation revenues consistent with the Commission's general policy.[48]

REX is proposing recourse rates for transportation service associated with the new Zone 4 for FTS, interruptible transportation service ("ITS"), and Park and Loan Service ("PALS"). REX is also proposing recourse rates associated with the new NNS, FSS and ISS. The proposed rates are detailed in the modifications proposed to REX's FERC Gas Tariff in Exhibit P. Recourse rates are derived from the first year's total cost of service, estimated at approximately $64 million for FTS, and $72 million for NNS.[49]

As detailed in Exhibit N, the total projected revenues, expenses, and income for the first three years of service assumes 100% utilization of the facilities' design capacity, including the proposed capacity leases while considering the proposed volume of services: 100,000 Dth/d of

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[46] Zone 4 shall encompass all points south of and including the Cheyenne Hub, located in Weld County, Colorado.

[47] Any capitalized terms used but not defined in this Section IX and Section X have the meanings set forth in Exhibit P or REX's FERC Gas Tariff, as applicable.

[48] *Transcontinental Gas Pipe Line Company, LLC*, 130 FERC ¶ 61,019, at P 21 (2010).

[49] *See* Exhibit N.

FTS capacity, 50,000 Dth/d of NNS capacity, 100,000 Dth/d of FTS deliverability, and 150,000 Dth/d of NNS deliverability. Revenues are based on the negotiated rates CSU has agreed to pay for service in Zone 4 and over the Project facilities. Operation and maintenance expenses are derived from REX's actual per-plant costs, separated between compression and non-compression functions, and adjusted for lease costs and net of fuel expenses. Common costs such as depreciation expense, return allowance, and pipeline operation and maintenance costs, are allocated between FTS and NNS based on contracted capacity.

The costs of the Lateral, Horizon Spur, Cheyenne Connector Interconnect Piping, and associated metering and appurtenant facilities are allocated on a capacity basis between the NNS and FTS. The LaSalle CS is proposed to support the new NNS and therefore is allocated 100% to NNS. The costs of the Cheyenne Connector Lease are allocated between FTS and NNS based on deliverability, as the hourly deliverability component of the NNS drives the required total volume. The East Cheyenne Lease is needed only to support NNS and so the cost of the East Cheyenne Lease is allocated 100% to NNS.

Establishing a separate rate zone for the Project is consistent with Commission policy because (1) it protects existing customers from subsidizing costs of the asset; (2) it ensures that REX, not its existing customers, is at risk if CSU does not re-contract for capacity at the expiration of its service agreements or the Project does not generate enough revenue to cover the annual cost of service; and (3) it ensures that only those customers that use the Project will pay for the facilities. Additionally, because the Project enables shippers to access markets which are currently not accessible on REX, establishing the new rate zone for shippers desiring to utilize these proposed new delivery points is appropriate.

As detailed in Exhibit P, REX is proposing a maximum reservation recourse rate for FTS within Zone 4 of $52.2050 per Dth of MDQ/Month, and a maximum commodity rate for ITS within Zone 4 of $1.7163 per Dth calculated on a 100 percent load factor basis. Additionally, the applicable maximum commodity rate for FTS within Zone 4 is $0 per Dth and the minimum commodity rate for FTS and ITS within Zone 4 is $0 per Dth. Exhibit P includes a matrix reflecting the FTS and ITS charges applicable to use of the various other zones on the REX system in connection with Zone 4.

Also as detailed in Exhibit P, REX proposes a reservation recourse rate for NNS of $118.0426 per Dth of Maximum Daily Delivery Quantity ("MDDQ") per month. Both the minimum and maximum commodity rate for NNS is $0.0246 per Dth.

REX also proposes adding standalone FSS and ISS to allow shippers to use the capacity to be acquired by REX under the East Cheyenne Lease, when available. Because REX is proposing to pass through to its NNS, FSS, and ISS customers the costs REX incurs in obtaining storage service, REX's cost basis for providing these proposed storage services is equal to the sum of the rates and charges REX will pay to East Cheyenne to obtain the underlying service. As a result, REX is proposing an FSS Reservation Charge of $0.9000 per Dth per month of Maximum Storage Quantity and an Excess Injection/Withdrawal Charge of $0.0100 per Dth. Under Rate Schedule ISS, REX is proposing an Inventory charge of $0.8877 per Dth and an Injection/Withdrawal Charge of $0.0100 per Dth. Lastly, under Rate Schedules NNS, FSS and ISS, REX is proposing a 1.8% Fuel and Lost and Unaccounted Reimbursement Charge for injections into storage utilizing the capacity leased from East Cheyenne.

Consistent with Commission policy, REX will maintain a separate record of capital costs for the Project facilities in its books and accounts. Workpapers detailing the computation underlying the proposed new rates are attached hereto in Exhibit N.

REX hereby represents that the Allowance for Funds Used During Construction ("AFUDC") accruals included in the cost of the Project, reflected in Exhibit K hereto, are in compliance with the Commission's policy on AFUDC accruals as set forth in the Docket No. AD10-3-000 proceeding.[50] REX began accruing AFUDC for the Project in accordance with the Commission's AFUDC policy when it began incurring capital expenditures for activities necessary to prepare the Project for its intended use.

X. TARIFF CHANGES

REX proposes to provide (1) transportation in the new Zone 4 (encompassing the capacity leased from Cheyenne Connector and on the new facilities proposed to be constructed herein), and (2) service on a no-notice basis that includes both storage leased from East Cheyenne and transportation on Zone 2 of REX, as well as the transportation on the new Zone 4. Included in Exhibit P are *pro forma* tariff sheets revising REX's FERC Gas Tariff to include the new rates and services for the Project. The General Terms and Conditions of REX's FERC Gas Tariff will remain generally applicable to the Project facilities, subject to the below-described modifications.

Table of Contents:

REX will amend the Table of Contents of its FERC Gas Tariff to add Rate Schedule FSS, Rate Schedule ISS, and Rate Schedule NNS to the "Currently Effective Rates," "Rate Schedules"

[50] *Southern Natural Gas Co., et al.*, 130 FERC ¶ 61,193 (2010); *see also Texas Eastern Transmission, LP*, 131 FERC ¶ 61,164 (2010).

and "Forms of Service Agreement" Sections. REX is also proposing certain housekeeping revisions to the Table of Contents.

Currently Effective Rates:

REX will add to its Currently Effective Rates, the rates (and associated housekeeping changes) that will be applicable to service under Rate Schedules FTS, ITS, and PALS in Zone 4, Rate Schedule NNS, Rate Schedule FSS, and Rate Schedule ISS, as discussed in greater detail above in Section IX of this Application. REX is also proposing housekeeping revisions to "Currently Effective Rates – System FL&U Percentages," "Currently Effective Rates – Power Cost Tracker Reimbursement Charges," and "Currently Effective Rates – ACA Charges."

Rate Schedules:

REX will revise Rate Schedules FTS, ITS and PALS to add gas price indices for unauthorized overrun service calculations for transportation between receipt and delivery points south of Cheyenne and north of and including CSU Clear Springs Ranch – El Paso County, CO.[51] REX will add new Rate Schedule NNS, Rate Schedule FSS, and Rate Schedule ISS to its Rate Schedules.

Rate Schedule NNS describes the unique nature of the new service. As discussed in Section 2.1, the NNS is provided by combining pipeline capacity and storage capacity into a single no-notice transportation service. Notably, Section 1.2 highlights that NNS is only available from a Primary Receipt Point at an interconnect between REX and East Cheyenne (located in REX's Zone

[51] REX is proposing to use the daily spot price for the Day on which the Unauthorized Overrun occurred, as published in Natural Gas Intelligence Group, Natural Gas Week Data Source, Spot Prices from Daily Price Snapshot, under the "Volume-Weighted Price" column for the Cheyenne Hub location. The Commission has previously authorized REX's use of this price index for unauthorized overrun service calculations. *See Rockies Express Pipeline LLC*, Administrative Updates to FERC Gas Tariff, Docket No. RP17-874-000, at 3 (June 30, 2017) (substantiating use of the price index consistent with the Commission's policy), *accepted*, *Rockies Express Pipeline LLC*, Letter Order Accepting Tariff Updates, Docket No. RP17-874-000 (Jul. 27, 2017).

2) to a Primary Delivery Point in Zone 4. Section 2.2 establishes that NNS is to be provided on a uniform hourly basis (1/24), with some exceptions. Section 2.3 describes the hourly delivery component for the service, and provides that the Maximum Hourly Delivery Quantity is equal to one-eighth of the shipper's MDDQ at each Primary Delivery Point. Within any hour, a shipper may exceed the uniform (1/24) hourly quantity up to the Maximum Hourly Delivery Quantity, provided that the sum of any hour's measurement plus the preceding 23 hours (24 hours in total) does not exceed the MDDQ. Section 10 of the NNS Rate Schedule establishes the capacity release provisions of Rate Schedule NNS, and provides that capacity releases are subject to the General Terms & Conditions of the REX Tariff. However, because the service provided under Rate Schedule NNS is not designed as a system-wide service, Section 10 establishes that a Releasing Shipper may release some or all of its rights only to a Qualified Replacement Shipper (a shipper that has designated an eligible Primary Delivery Point within Zone 4 of REX's system as that shipper's Primary Delivery Point for the acquired capacity). REX is only operationally capable of providing service under Rate Schedule NNS to customers that have Zone 4 rights, and therefore the limitation on capacity release is tailored to account for this operational restriction.

General Terms & Conditions:

REX is proposing updates to Section 1 - Definitions to modify existing defined terms and add new defined terms, to account for the addition of Rate Schedule NNS, Rate Schedule FSS, and Rate Schedule ISS. Additionally, Section 3 - Scheduling and Delinquency of Payment will be revised to reflect certain housekeeping revisions related to NNS and to add the priority of service for scheduling storage services. Section 13 - Evaluation of Credit is being revised to add reference to NNS in Section 13.3. Section 15 - Capacity Release by Rate Schedule FTS, C-HUB-FS, and

BHS Shippers is being revised to incorporate housekeeping changes related to the addition of storage service and to discuss nominations and releases by Rate Schedule NNS Shippers.

Service Agreements:

REX will add a new NNS Form of Transportation Service Agreement, FSS Form of Storage Service Agreement, and ISS Form of Storage Service Agreement to its FERC Gas Tariff, each of which reflects the addition of the applicable rate schedule to the REX Tariff.

Consistent with the Commission's regulations, REX will make a separate Tariff filing to effectuate and reflect these proposed Tariff changes related to the new services and to implement the new rates.

XI. GAS SUPPLY

REX's customers will be responsible for acquiring the gas supplies to be transported using the capacity created by the Project. While the primary supply source for the Project is expected to be the DJ Basin in Northern Colorado and Wyoming, the Project will provide access to nationwide supply throughout the U.S. natural gas pipeline grid. The existing REX system connects the Cheyenne Hub with supply sources throughout the Rocky Mountains, and with eastern supply basins such as the Utica and Marcellus. There is no concern regarding gas supply sufficiency.[52]

XII. WAIVERS

The Applicants submit that this Application may be granted based upon this submission and without a trial-type evidentiary hearing. In accordance with Rules 801 and 802 of the Commission's Rules of Practice and Procedure,[53] the Applicants request that the Commission's shortened procedures be applied to this Application. Accordingly, the Applicants request that the

[52] *See* Exhibit I-3 for additional detail.

[53] 18 C.F.R. §§ 385.801, 385.802.

intermediate decision procedure be omitted and waives oral hearing and opportunity for filing exceptions to the decision of the Commission. As set forth under these procedures, the decision of the Commission will be final, subject to reconsideration by the Commission upon request for rehearing as provided by statute. The Applicants further request that the Commission grant any additional waivers that it may deem necessary to grant the relief and issue the authorizations and approvals requested herein.

XIII. EXHIBITS

Pursuant to Section 157.6(b)(6) of the Commission's regulations, set forth below is the listing of exhibits required pursuant to Sections 157.14 and 157.18 that are included, unless stated otherwise, in this Application. Certain Exhibits or portions of Exhibits listed below are provided under seal as either Privileged and Confidential ("PRIV") or Critical Energy Infrastructure Information ("CEII"). This information has been segregated from the public versions of the Exhibit (if applicable) and has been marked as "CUI//PRIV—Privileged and Confidential Information—Do Not Release", and provided in Volume II, or marked as "CUI//CEII—Critical Energy Infrastructure Information—Do Not Release" and provided in Volume III. Pursuant to Sections 388.112 and 388.113 of the Commission's regulations, the Applicants hereby request confidential treatment of these exhibits and portions thereof.

Exhibit A § 157.14(a)(1)	The certificates of formation and limited liability company agreements for the Applicants are included as Exhibit A.
Exhibit B § 157.14(a)(2)	Copies of REX's authorizations to conduct business in Colorado, Wyoming, Nebraska, Kansas, Missouri, Illinois, Indiana, Texas and Ohio are included in Exhibit B.

	A copy of Cheyenne Connector's authorization to conduct business in Colorado is included in Exhibit B. A copy of East Cheyenne's authorization to conduct business in Colorado is included in Exhibit B.
Exhibit C § 157.14(a)(3)	A list of the names and business addresses of company officials for REX, Cheyenne Connector, and East Cheyenne is included as Exhibit C.
Exhibit D § 157.14(a)(4)	An explanation of corporate relationships for the Applicants is included as Exhibit D.
Exhibit E § 157.14(a)(5)	*Omitted*. There are no other related applications pending that directly or significantly affect this Application.
Exhibit F § 157.14(a)(6)	Maps showing the capacity and facilities that comprise the Project are included as Exhibit F.
Exhibit F-I § 157.14(a)(7)	An environmental report consisting of Resource Reports 1 through 12 is included as Exhibit F-1. Certain information contains CEII and PRIVILEGED AND CONFIDENTIAL INFORMATION—DO NOT RELASE.
Exhibits G, G-I and G-II § 157.14(a)(8), (a)(9) & (a)(10)	Flow diagrams showing daily design capacity and reflecting operation with and without proposed facilities, flow diagrams reflecting maximum capabilities, and flow diagram data are included as Exhibits G, G-I and G-II, respectively. Contains CEII—DO NOT RELEASE.
Exhibit H §157.14(a)(11)	*Omitted*. There is no concern regarding gas supply sufficiency.
Exhibit I § 157.14(a)(12)	The Capacity Leases are included as Exhibit I-1. Contains PRIVILEGED AND CONFIDENTIAL INFORMATION – DO NOT RELEASE. The precedent agreement between REX and CSU, is included as Exhibit I-2. Contains PRIVILEGED AND CONFIDENTIAL INFORMATION AND

	NOT AVAILABLE TO COMPETITIVE DUTY PERSONNEL—DO NOT RELEASE. The Supporting Market and Analytical Report of RBN Energy LLC is included as Exhibit I-3.
Exhibit J § 157.14(a)(13)	A list of federal authorizations is included as Exhibit J.
Exhibit K § 157.14(a)(14)	A detailed estimate of the Project's total cost is included as Exhibit K.
Exhibit L § 157.14(a)(15)	*Omitted*. REX will finance the costs of the proposed Project with funds generated internally, through borrowings, debt offerings, and/or equity contributions.
Exhibit M § 157.14(a)(16)	A description of the Applicants' plans for constructing, operating, and managing the Project is included as Exhibit M.
Exhibit N § 157.14(a)(17)	An estimate of projected revenues, expenses and income for the Project's first three years of operation is included as Exhibit N.
Exhibit O § 157.14(a)(18)	A description of the depreciation rate used for purposes of deriving proposed rates is included as Exhibit O.
Exhibit P § 157.14(a)(19)	The *pro forma* tariff sheets for REX are included as Exhibit P.
Exhibit T § 157.18(a)	*Omitted*. There are no other related applications that directly or significantly affect this application.
Exhibit U § 157.18(b)	*Omitted*. Copies of each agreement pertaining to the proposed abandonment are included as Exhibit I-1, as noted above.
Exhibit V § 157.18(c)	*Omitted*. Flow diagrams are provided as Exhibits G/G-I and G-II, as noted above.
Exhibit W § 157.18(d)	*Omitted*. The abandonment authorizations requested by Cheyenne Connector and East Cheyenne will not result in the termination of service for existing customers on Cheyenne Connector or East Cheyenne.

Exhibit X § 157.18(e)	*Omitted.* The *pro forma* tariff sheets for REX are included as Exhibit P, as noted above.
Exhibit Y § 157.18(f)	*Omitted.* Applicants do not propose to permanently abandon any facilities as part of the Application.
Exhibit Z § 157.18(g)	*Omitted*. Maps showing the Project facilities are provided as Exhibit F, as noted above.
Exhibit Z-1	Documentation of the open season that REX held for the Project is included as Exhibit Z-1.
Exhibit Z-2	A form of protective agreement is included as Exhibit Z-2.
Federal Register Notice § 157.6(b)(7)	Appended hereto is a notice suitable for publication in the *Federal Register*, summarizing the instant Application.

XIV. CERTIFICATION

The Applicants hereby state that they are willing and able to do the acts for which Application is herein made, and—in so doing—to conform to the provisions of the NGA and the Commission's regulations promulgated thereunder. A verification is submitted with this Application.

Pursuant to the Natural Gas Pipeline Safety Act of 1968, as amended,[54] REX certifies that the facilities proposed herein will be designed, constructed, tested, operated, replaced, and maintained in accordance with the requirements of 49 C.F.R. Part 192, or any superseding safety code that is applicable to natural gas transportation pipelines. In addition, all construction and restoration activities will be performed in accordance with the environmental plans, procedures, and guidelines included in the Environmental Report in Exhibit F-I.

[54] 49 U.S.C. §§ 60101–60140.

XV. MISCELLANEOUS

Aside from the authorizations listed in Exhibit J, the Applicants are not aware of any related application with any other federal, state, or regulatory body needed to supplement or effectuate the Project. The Applicants will make a good faith effort to notify all affected landowners of this Application in accordance with the requirements set forth in 18 C.F.R. § 157.6(d).

XVI. CONCLUSION

WHEREFORE, the Applicants respectfully request that for the reasons set forth herein, the Commission review this Application and issue an order approving the Project as described herein. The Applicants respectfully request that the Commission issue the approvals by the fourth quarter of 2026, so that REX will be able to commence construction on a timely basis and place the Project in service by the second quarter of 2028.

Respectfully submitted,

/s/ Lisa M. Tonery
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